

# REPORT ON THE FIRST COMPLIANCE SURVEY ON THE CODE OF BANKING PRACTICE

*The HKMA conducted the first compliance survey on the Code of Banking Practice (the Code) in February 1998. The results suggest that the general level of compliance is satisfactory although improvements can be made in certain areas.*

## BACKGROUND

To promote good banking practices and foster customer confidence in the banking system, the Code was issued last year jointly by the Hong Kong Association of Banks and the DTC Association. The Code took effect on 14 July 1997 and is to be observed by authorised institutions in dealing with their personal customers.

Paragraph 1.5 of the Code provides that institutions should take active steps to comply with the Code and that they should achieve full compliance within 6 months of the effective date of the Code. Authorised institutions are also given a further 6 months' grace period to effect changes to areas involving system changes. As banking supervisor, HKMA fully endorses the Code and will monitor compliance as part of its regular supervision. Also, the HKMA has undertaken to conduct two compliance surveys after the Code has been in effect for 6 and 12 months. The first full survey was conducted in February 1998 and the analysis completed in May 1998.

A questionnaire was sent to 361 authorised institutions. However, a total of 157 institutions were exempted from returning their responses including 7 institutions whose licences had been revoked or were being revoked during the period under survey. The remaining 150 institutions (148 of them are one-branch institutions and two have two branches) do not operate retail business and have no personal customers.

The analysis of the survey results is based on 188 valid returns which cover the remaining 204 authorised institutions<sup>1</sup>. The 188 returns came from 114 licenced banks, 30 restricted licence banks and 44 deposit taking companies. The full

results of the survey, as broken down by the three tiers of authorised institutions, can be found at the Annex while the key survey findings are highlighted below.

## HIGHLIGHT OF RESULTS

### *Overall Compliance*

21% of the surveyed institutions claimed to have achieved full compliance with the Code by 14 January 1998, among which 18% of licenced banks, 23% of restricted licenced banks and 27% of deposit-taking companies reported full compliance with the Code. The reason for the higher percentage of compliance for RLBs/DTCs is that these institutions are relatively small and may only need to comply with certain provisions of the Code which are applicable to their business. Retail banks have to observe most of the Code and thus will take a longer time to achieve full compliance.

81% of the authorised institutions reported that they had complied with at least 80% of the Code by 14 January 1998. In particular, a large majority of the multi-branch institutions had reported a compliance level of over 80%. This is a generally satisfactory result as these are the main providers of retail personal banking services. The most common quoted reasons for non-compliance are resources constraints and the need to effect system changes.

### *Chapter 1 - Relationship Between Banks and Customers*

Concerning the relationship between banks and customers, authorised institutions are generally in compliance with most of the provisions in Chapter 1 of the Code. Almost all authorised

<sup>1</sup> 15 returns are on a consolidated basis which cover a total of 31 authorised institutions.

institutions comply with the Code with respect to making available the relevant terms and conditions (99%), and details of fees and charges (100%) of their banking services to customers.

However, there are some areas where significant non-compliance was observed:

- only 51% of the authorised institutions were able to provide the terms and conditions of their services in both Chinese and English. A number of the non-complying authorised institutions supplemented that the translation and production work has taken longer than expected. However, compliance is expected before the next compliance survey falls due;
- about 90% of the authorised institutions reported that they had highlighted fees and charges, penalties, relevant interest rates and customers' liabilities and obligations in the terms and conditions. However, on further checking with the licensed banks, it was revealed that only about half of them had highlighted the specified information in the terms and conditions in a sufficiently clear manner;
- 30% of the authorised institutions failed to repay the annual/periodic fee upon customers' refusal of the variation of the fees and charges of a banking service; and
- 48% of the authorised institutions did not include fees and charges in the calculation of the Annualized Percentage Rate (APR).

## *Chapter 2 - Accounts and Loans*

Compliance with Chapter 2 on Accounts and Loans is satisfactory. Nevertheless, non-compliance, though not to a significant extent, is observed in the following areas:

- 27% of the authorised institutions did not allow a period of at least 90 days for customers to report unauthorised transactions in account statements; and

- regarding residential mortgage lending, 21% of authorised institutions did not provide an option for customers to choose the basis on which the insured amount was determined.

## *Chapter 3 - Card Services*

According to our survey, there are 42 card issuers in Hong Kong which are authorised institutions (the majority of them are licensed banks). The card services that are offered are as follows:

<b><u>Card Service</u></b>	<b><u>Number of issuers</u></b>
Credit Cards	32
Debit Cards	22
ATM Cards	39
Stored Value Cards (Smart Cards)	16

General compliance regarding the provisions on card services is satisfactory. Exceptions are found in two particular aspects only:

- 31% of the credit card issuers did not allow 60 days for cardholders to examine their credit card statements and to report unauthorised transactions; and
- Some issuers set the maximum liability limit on lost cards at the approved credit limit of the cards. This appears to be contrary to the original spirit of the provision and is inconsistent with international standards.

## *Chapter 4 - Payment Services*

General compliance with this part of the Code is satisfactory. However, there is room for improvement with respect to the provision of telephone and computer banking services in view of the results below:

- 22% of the authorised institutions which provide telephone banking services did not record the verbal instructions of customers; and

- 34% did not require customers to designate in writing a list of accounts to which funds could be transferred from the customer's account through telephone or computer banking services.

These are important control procedures which should be put in place to ensure smooth settlement of disputes and effective audit trail of transactions.

#### *Chapter 5 - Recovery of Loans and Advances*

According to our survey, 60 authorised institutions employ debt collection agencies (DCAs) to collect debts. The relevant guideline was issued in advance of the Code in 1996 and authorised institutions should have achieved full compliance even before the Code took effect.

However, non-compliance, though not to a significant extent, on various aspects is still observed. These include:

- passing information about referees or third parties other than guarantors to debt collection agencies (3%) (although the percentage is small, this is a serious mistake);
- failure to specify in the terms and conditions that authorised institutions may employ third party agencies to collect overdue amounts (23%); and
- failure to issue authorisation documents to the debt collection agencies to be presented to the debtor for identification purposes (13%).

#### **WAY FORWARD**

While overall compliance with the Code is considered satisfactory, the above mentioned areas of non-compliance should be rectified as soon as possible. According to paragraph 1.5 of the Code, a further 6 months are allowed for compliance with those parts of the Code which require system changes. The HKMA would conduct the second compliance survey in mid-August to reassess the

overall compliance position of the banking sector. In the meantime, the HKMA would discuss with individual institutions the shortfalls identified in the survey and their plans for rectifying them. 

– Prepared by the Banking Development Division

## SUMMARY RESULTS OF THE 1ST COMPLIANCE SURVEY ON THE CODE OF BANKING PRACTICE

### Overall Compliance

#### *Coverage of the survey*

The survey results below are based on receipt of 188 returns which cover a total of 204 authorised institutions (173 returns are on a solo basis and 15 returns on a consolidated basis covering 31 authorised institutions). The 188 returns came from 114 licenced banks, 30 restricted licence banks and 44 deposit-taking companies. Authorised institutions to whom specific provisions of the Code are not applicable are excluded from the calculation relating to those questions.

	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
Overall Compliance	To what extent has the institution complied with the Code as of 14 January 1998?				
	(a) 100%	(a) 18%	23%	27%	21%
	(b) 90-99%	(b) 35%	33%	23%	32%
	(c) 80-89%	(c) 34%	20%	18%	28%
	(d) 70-79%	(d) 7%	10%	18%	10%
	(e) 69% or below	(e) 6%	13%	14%	9%
	What are the major reasons for not being able to achieve full compliance?				
	(a) system changes not yet effected	(a) 50%	39%	50%	48%
	(b) others	(b) 76%	70%	75%	74%

NB: LBs = Licenced Banks

RLBs = Restricted Licence Banks

DTCs = Deposit-Taking Companies

AIs = Authorised Institutions

## Chapter 1 Relationship between Banks and Customers

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
5.1	Does the institution make readily available to customers written terms and conditions of a banking service?	100%	100%	98%	99%
5.3	Do the terms and conditions of personal banking services meet the following requirements? (a) available in both Chinese and English (b) written in plain language	(a)55% (b)100%	35% 100%	48% 100%	51% 100%
5.4	Are the following items highlighted in the terms and conditions? (a) fees and charges (b) penalties (c) relevant interest rates (or basis of calculation) (d) customers' liabilities and obligations	(a)89% (b)82% (c)85% (d)91%	93% 93% 93% 97%	95% 89% 95% 91%	91% 85% 89% 93%
5.7	Does the institution give customers 30 days' notice before any variation of the terms and conditions which affects fees and charges and the liabilities or obligations of customers takes effect?  How much advance notice is given to customers for other variations? (a) less than 7 days (b) 8 to 14 days (c) 15 to 30 days (d) more than 30 days  Does the notice show clearly the variation and the possibility of refusal and the consequences?	88%	80%	82%	85%
5.8	Does the institution provide a written summary of the key features of the revised terms and conditions involving substantial changes?	80%	83%	89%	82%
5.9	Does the institution provide a consolidation of the revised terms and conditions in a single document if there are a lot of changes?	84%	83%	91%	86%
5.10	What is the usual period given to customers for them to indicate refusal to variation to the terms and conditions? (a) less than 7 days (b) 8 to 14 days (c) 15 to 30 days (d) more than 30 days  Does the institution repay the annual/periodic fee on a pro rata basis when a customer refuses to accept the variation to the terms and conditions?	(a)3% (b)19% (c)45% (d)34%	7% 33% 20% 20%	5% 21% 47% 19%	4% 21% 39% 26%
6.1	Does the institution make readily available to customers details of the fees and charges payable in connection with the banking services?  In what format is the information made available to customers? (can choose more than one answer) (a) verbal explanation by front-line staff (b) display at principal place of business and branches (c) pamphlets/leaflets (d) electronic means such as telephone/fax/internet (e) others  Is a schedule of the standard fees and charges displayed in the principal place of business and branches?	100%	100%	100%	100%
6.2	Does the institution provide to customers details of the basis of charges for services not subject to standard fees and charges at the time the services are offered or upon request?	97%	93%	98%	97%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
6.2 (cont'd)	In what format? (can choose more than one answer) (a) verbal explanation by front-line staff (b) display at principal place of business and branches (c) pamphlets/leaflets (d) electronic means such as telephone/fax/internet (e) others	(a)96% (b)23% (c)28% (d)35% (e)30%	100% 4% 11% 43% 43%	93% 21% 33% 42% 35%	96% 19% 26% 38% 33%
6.3	Does the institution give affected customers 30 days' notice before any change in fees and charges takes effect?	88%	77%	84%	85%
6.4	Does the institution impose charges for handling retail cash deposits in Hong Kong dollars?	7%	7%	5%	6%
6.5	Does the institution inform customers of the nature and amount of charges debited to their accounts promptly after any such charges are debited?  How soon does the institution inform customers after debiting such charges to customers' accounts? (a) within 24 hours (b) 1 to 2 days (c) 3 to 7 days (d) more than 7 days	98%	90%	91%	95%
7.3	Does the institution notify customers specifically of the following classes of person to whom disclosure of customer information may be made? (a) debt collection agencies (b) computer firms to which the processing of personal information is to be, or may be, outsourced (c) credit reference agencies (d) related companies within the same group to whom customers' names and addresses may be disclosed for marketing purposes	(a)65% (b)67% (c)73% (d)76%	77% 71% 82% 86%	87% 77% 88% 80%	71% 70% 78% 79%
7.4	Does the institution obtain the prescribed consent of a customer before (a) providing bankers' references of the customer? (b) disclosing customers' information to unrelated companies for marketing purposes?	(a)79% (b)87%	86% 80%	80% 87%	80% 86%
7.5	Does the institution refuse to provide a customer with basic banking services if he/she objects to the institution's disclosing the customer's information to unrelated companies for marketing purposes?	5%	0%	13%	6%
7.6 7.7	Does the institution have an effective mechanism to inform customers of their right to request the institution to stop using their personal information for marketing purposes?  How does the mechanism work? (can choose more than one answer) (a) standard statement incorporated in all marketing materials (b) reminder/insert sent with regular statement of accounts (c) regular reminder through mail/telephone/fax/internet (d) others	74%	81%	72%	68%
8.3	Does the institution require applicants for banking services to confirm that they have obtained the prior consent of the referees?  If there is no confirmation, does the institution continue to process the application?	76%  68%	82%  55%	72%  73%	76%  67%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
8.4	Does the institution (a) seek directly or indirectly repayment of debt from referees who are not guarantors? (b) pass information about referees to debt collection agencies?	(a)0% (b)3%	4% 0%	3% 6%	1% 3%
9.2	Does the institution have a policy on installing specialized machines or software and providing physical access to facilitate the provision of banking services to persons with a disability?	19%	10%	14%	16%
9.3	Does the institution comply with the relevant guideline issued by the industry association with respect to the provision of services for visually impaired customers?	53%	50%	52%	52%
9.5	Does the institution provide suitable training to front-line staff to raise their awareness of the principles and guidelines relating to equal opportunity and the provision of assistance to customers with a disability?	78%	70%	77%	77%
10.3	Does the institution indicate the annualized percentage rate of interest and other relevant fees and charges in all advertising and promotional material for a banking service that includes a reference to an interest rate?	85%	64%	74%	79%
10.4	Does the institution follow the general principles of the stated HKMA guideline in making cold calls?	96%	100%	97%	97%
11.1	Does the institution quote the annualized percentage rates of interest on the following accounts/products? (a) deposit accounts (b) loan products	(a)96% (b)93%	87% 87%	89% 91%	93% 91%
11.2	Is the institution, especially front-line staff, able to respond to inquiries from customers concerning annualized percentage rates?  Is the formula set out in the industry guideline being adopted in the calculation of annualized percentage rate?  Are the applicable fees and charges included in the calculation of the APR?	89%  83%  55%	97%  90%  47%	95%  84%  45%	92%  85%  52%
12.1	Are there established procedures for handling customer complaints in a fair and speedy manner?	96%	97%	86%	94%
12.2	Does the institution make available to customers details of how to invoke complaint procedures?	83%	83%	80%	82%
12.4	Does the institution provide an acknowledgment upon receiving a written complaint within 7 days?  Does the institution give a written response to a written complaint within 30 days?  Is the language of correspondence in accordance with that of the complaint?	92%  95%  89%	93%  97%  90%	93%  98%  93%	93%  96%  90%

## Chapter 2 Accounts and Loans

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
14.2	Does the institution give reasonable prior notice before closing a customer's account under normal circumstances?  How much advance notice is usually given? (a) less than 7 days (b) 8 to 14 days (c) 15 to 30 days (d) more than 30 days	100%	100%	100%	100%
15.1	Does the institution make readily available to customers general descriptive information about the operation of their accounts?	98%	87%	80%	92%
15.2	Does the institution make readily available to customers who have joint accounts general descriptive information about the operation of their accounts?	96%	80%	77%	89%
15.3	Does the institution provide customers with statements of accounts at monthly intervals unless otherwise specified?	98%	80%	77%	90%
15.4	Does the institution allow a period of at least 90 days for customers to report any unauthorized transactions in the statement?	78%	70%	64%	73%
16.1 16.2	Does the institution make available to customers clear and prominent notice of any rights of set-off claimed by the institution on the following accounts?  (a) individual accounts (b) joint accounts	(a)97% (b)96%	100% 100%	95% 92%	97% 96%
16.3	How soon does the institution inform customers after exercising rights of set-off?  (a) within 24 hours (b) 1 to 2 days (c) 3 to 7 days (d) more than 7 days	(a)46% (b)40% (c)12% (d)2%	46% 36% 11% 7%	42% 37% 11% 11%	46% 39% 11% 4%
17.1	Does the institution publicize or display in their principal place of business and branches the rates offered on interest-bearing accounts?	69%	20%	48%	56%
17.2	Does the institution make readily available to customers the necessary information on all deposit accounts as specified?	97%	93%	86%	93%
17.3	Does the institution make readily available to customers the additional information on time deposits as specified?	97%	93%	84%	93%
17.4	Does the institution inform customers of changes in deposit interest rates (other than those which change on a daily basis) and the effective date?  By what means? (can choose more than one answer) (a) notices in the main offices and branches (b) on the statement of accounts (c) advertisements in the press or public announcement (d) electronic means such as telephone/fax/internet (e) others	94%	53%	64%	80%
17.5	Does the institution make a risk disclosure statement in promoting deposit accounts which are linked to risky products?	85%	69%	54%	79%
18.2	Does the institution provide upon application for a loan or overdraft, or in a subsequent offer the principal terms and conditions and the other information specified to customers?	99%	100%	97%	99%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
18.3	How soon does the institution notify customers of any changes in the reference rate of interest (e.g. best lending rate) for a loan or an overdraft?  (a) within 7 days (b) 8 to 14 days (c) 15 to 30 days (d) more than 30 days	(a)70% (b)6% (c)20% (d)4%	72% 14% 14% 0%	74% 15% 5% 8%	71% 9% 16% 4%
18.4	Does the institution advise customers in advance of its right to impose penalties and charges if customers overdraw their accounts without prior agreement?  How soon does the institution notify customers after exercising such rights?  (a) within 24 hours (b) 1 to 2 days (c) 3 to 7 days (d) more than 7 days	98%	N/A	N/A	98%
19.1	Does the institution provide the specified information to customers and prospective customers upon application for a mortgage loan or in a subsequent offer?	96%	91%	96%	95%
19.2	Does the institution provide customers with revised particulars of installments after every adjustment of the interest rate?	93%	86%	93%	92%
19.3	Does the institution operate a system of approved solicitors and insurers?  – solicitors – insurers – both  How many solicitors are on the approved list? (a) less than 10 (b) 11 to 30 (c) 31 to 50 (d) more than 50  How many insurers are on the approved list? (a) less than 10 (b) 11 to 30 (c) 31 to 50 (d) more than 50  Does the list of insurers include those which are not related to the institution?	85%  69AIs 63AIs 63AIs  (a)36% (b)10% (c)14% (d)39%  (a)56% (b)17% (c)5% (d)22%  97%	91%  20AIs 20AIs 20AIs  50% 15% 0% 35%  55% 10% 0% 35%  61%	89%  24AIs 24AIs 24AIs  50% 25% 4% 21%  58% 13% 8% 21%  48%	87%  113AIs 107AIs 107AIs  41% 14% 10% 35%  56% 15% 5% 24%  93%
19.4	Does the institution inform customers whether they may choose to employ solicitors or insurers other than those on the approved list?  Are there any extra costs involved?	71%  22%	90%  20%	75%  11%	75%  19%
19.5	Does the institution inform customers or prospective customers that they have the right to employ separate legal representation for themselves?  Are there any extra costs involved?	90%  27%	95%  23%	89%  22%	90%  25%
19.6	Is the amount and nature of risks to be insured reasonable and based on mutual agreement between institutions and customers?	100%	100%	100%	100%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
19.6 (cont'd)	Does the institution provide an option for customers to choose the basis on which the insured amount is determined (either on the loan value or the cost of reinstating the property)? (If no, please specify the circumstances under which such an option is not provided.)	75%	82%	89%	79%
	Will the institution consider customers' request to adjust the sum insured in line with the declining balance of the loan amount?	94%	77%	96%	92%
	Does the institution require customers to take out a separate insurance policy if a Master Insurance Policy is already in place?	17%	32%	15%	19%
19.7	Does the institution follow the relevant industry guideline to guard against fraud by persons misrepresenting themselves as owner(s) of the property?	100%	100%	96%	99%
20.1	Does the institution provide an individual proposing to be a guarantor/surety with a copy or summary of the contract evidencing the obligations to be guaranteed or secured?	83%	93%	86%	86%
	Does the institution obtain the borrower's prescribed consent before doing the above?	93%	100%	94%	95%
20.2	Does the institution advise the surety in writing the information specified?	85%	89%	84%	86%
20.3	Is the above information (specified in section 20.2) included in or attached to the guarantees and other third party security documentation?	87%	93%	89%	89%
20.4	Does the institution provide the surety with a copy of any formal demand for overdue payment sent to the borrower in case of default?	88%	100%	89%	90%
	Does the institution obtain the borrower's prescribed consent before doing the above?	70%	79%	64%	70%
20.5	Does the institution provide the surety a copy of the latest statement of account provided to the borrower if requested to do so?	88%	93%	86%	89%
	Does the institution obtain the borrower's consent before doing the above?	94%	92%	88%	92%
20.6	How does the institution obtain the prescribed consent of the borrower to provide the surety with the documents mentioned in paragraphs 20.1, 20.4 and 20.5? (can choose more than one answer) (a) provisions incorporated in the borrowing agreement or application forms, etc. (b) consent sought each and every time when the need arises (c) others	(a)74% (b)70% (c)8%	54% 54% 18%	70% 85% 9%	69% 70% 10%

## Chapter 3 Card Services

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
21.1	What kind of cards does the institution issue? (can choose more than one answer) (a) credit cards (b) debit cards (c) cash cards (ATM cards) (d) stored value cards (smart cards)	(a)29AIs (b)22AIs (c)39AIs (d)16AIs	1AIs – – –	2AIs – – –	32 AIs 22 AIs 39 AIs 16 AIs
22.1	Does the card issuer market credit cards to full-time students?  What are the usual credit limits of student credit cards? (a) less than \$5,000 (b) \$5,001 to \$10,000 (c) \$10,001 to \$20,000 (d) \$20,001 to \$30,000 (e) over \$30,000	79%	0%	50%	75%
22.2	Does the card issuer issue cards to customers only when requested by customers or to replace cards already issued?	100%	100%	100%	100%
22.4	Does the card issuer make available to cardholders the general descriptive information on the use of cards as specified?	67%	100%	100%	69%
22.5(a)	Does the card issuer provide the primary and secondary cardholders with the general descriptive information on their respective liabilities for debts incurred on the cards issued?	97%	100%	100%	97%
22.5(b)	Does the card issuer inform primary cardholders means of stopping further use of a subsidiary card if they fail to return the subsidiary card?	79%	100%	100%	81%
	Does the card issuer take prompt action to prevent further use of the subsidiary card if so requested by the primary cardholder?	90%	100%	100%	91%
	Are there any costs involved?	55%	0%	50%	53%
	Does the card issuer inform subsidiary cardholders how to cancel a subsidiary card?	93%	100%	100%	94%
22.6	Does the card issuer inform cardholders if the card has more than one function?	100%	100%	100%	100%
	If cardholders request the card issuer not to issue PINs, does the card issuer comply with that request?	100%	100%	0%	97%
22.7	Does the card issuer give cardholders at least 30 days to cancel the card from the date of renewal without them having to pay the renewal fee?	87%	100%	100%	88%
23.1(a)	Do the terms and conditions of card services meet the following requirement? (a) available in both Chinese and English (b) written in plain language	(a)97% (b)100%	100% 100%	50% 100%	95% 100%
23.1(b)	Are the following items highlighted in the terms and conditions? (a) fees and charges (b) penalties (c) relevant interest rates (or basis of calculation) (d) customers' liabilities and obligations	(a)95% (b)82% (c)79% (d)95%	100% 100% 100% 100%	100% 100% 100% 100%	95% 83% 81% 95%
23.1(c)	Does the institution give customers 30 days' notice before any variation of the terms and conditions which affects fees and charges and the liabilities or obligations of customers takes effect?	95%	100%	100%	95%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
23.1(d)	What is the usual period given to customers for them to indicate refusal to variation to the terms and conditions? (a) less than 7 days (b) 8 to 14 days (c) 15 to 30 days or (d) more than 30 days	(a)0% (b)8% (c)65% (d)27%	0% 0% 0% 100%	0% 0% 50% 50%	0% 8% 63% 29%
	Does the institution repay the annual/periodic fee on a pro rata basis when a customer refuses to accept the variation to the terms and conditions?	97%	100%	0%	93%
23.1(f)	Does the institution quote the annualized percentage rates of interest on the credit card products?	90%	0%	100%	88%
24.1 24.2	Does the institution make available to customers clear and prominent notice of any rights of set-off claimed by the institution on the credit card accounts (including principal and subsidiary cardholders)?	100%	100%	100%	100%
24.3	How soon does the institution inform customers after exercising rights of set-off? (a) within 24 hours (b) 1 to 2 days (c) 3 to 7 days (d) more than 7 days	(a)17% (b)28% (c)7% (d)52%	0% 100% 0% 0%	50% 50% 0% 0%	19% 31% 6% 47%
25.1	Are there established procedures to ensure that (a) cards and PINs are issued separately? (b) cards and PINs are received by cardholders?	(a)100% (b)100%	100% 100%	100% 100%	100% 100%
25.2	Does the card issuer advise cardholders of the need and ways to keep the card safe and the PIN secret to prevent fraud?	100%	100%	100%	100%
25.3	Does the card issuer advise cardholders that certain combinations of numbers are not suitable as PIN?	90%	100%	100%	90%
25.4	Can transactions made through electronic terminals be traced and checked?	100%	100%	100%	100%
26.1	Does the printed transaction record contain the specified information?	100%	100%	100%	100%
26.3	Does the institution provide customers with statements of accounts at monthly intervals unless otherwise specified?	100%	100%	100%	100%
26.4	Does the statement of accounts contain the specified information?	100%	100%	100%	100%
27.1	Does the card issuer allow 60 days from the statement date for cardholders to examine their statements of credit cards and report any unauthorized transactions?	69%	100%	50%	69%
27.2	Is the card issuer able to complete the investigation within 90 days upon receipt of notice of an unauthorized transaction?	100%	100%	100%	100%
27.3	Does the cardholder have the right to withhold payment of the disputed amount of an unauthorized transaction during the investigation period?  Does the card issuer (a) impose any interest or finance charges on such disputed amount? (b) make any adverse credit report against the cardholder during the investigation period?	100%	100%	100%	100%
		(a)4% (b)0%	0% 0%	0% 0%	3% 0%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
27.4	Does the card issuer promptly make relevant corrections and deliver correction notice if an unauthorized transaction is found to have occurred?	100%	100%	100%	100%
	Does the card issuer explain to the cardholder and furnish evidence if it is found that no unauthorized transaction has occurred?	100%	100%	100%	100%
28.2	Are telephone hotlines (or other convenient means) available for cardholders to report lost or stolen card or unauthorized use of a card?	100%	100%	100%	100%
	Are cardholders reminded of the above means by notice in the periodic statements sent to them (or any other regular means)?	95%	100%	100%	95%
28.3	Is the card issuer liable for losses due to non-notification caused by the unavailability of the notification facilities?	92%	100%	100%	93%
28.4	Does the card issuer act on telephone notification if the cardholder can be identified satisfactorily?	100%	100%	100%	100%
28.5	Does the card issuer take action to prevent further use of the card/PIN after being advised of a loss, theft or possible misuse of a card/PIN?	100%	100%	100%	100%
29.1	Does the card issuer bear the full loss incurred under the specified circumstances?	100%	100%	100%	100%
29.3	Does the card issuer set a maximum liability of cardholder for credit card loss due to unauthorized transactions before the cardholder has reported the loss?	100%	100%	100%	100%
	What is the limit of this maximum liability? (a) less than \$500 (b) \$501 to \$1,000 (c) \$1,001 to \$2,000 (d) more than \$2,000	(a)10% (b)0% (c)0% (d)90%	0% 0% 0% 100%	50% 0% 0% 50%	12% 0% 0% 88%
	Does the card issuer give clear and prominent notice to cardholders of this limit?	93%	100%	100%	94%
29.4	Does the card issuer warn cardholders that they will be liable for all losses if they have acted fraudulently or with gross negligence which would include failure to follow the safeguards set out in section 25.2?	100%	100%	100%	100%
29.5	Does the card issuer remain liable to any loss arising from the use of the card either caused or contributed by another party to a shared electronic system?	97%	100%	0%	93%
30.1	Does the card issuer refund the credit balance on a credit card account within 7 working days from the date of receipt of the cardholder's request?	100%	100%	100%	100%
	Does the card issuer forfeit any unclaimed credit balance?	7%	0%	50%	9%
31.1	Does the card issuer specify in the direct mailing agreements with suppliers the conditions for refunds to cardholders and the period within which such refunds should be effected?	96%	100%	100%	96%
32.1	Does the institution obtain the prescribed consent of the customers before enrolling them into a new service or product which involves a cost?	100%	100%	100%	100%

## Chapter 4 Payment Services

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
33.1	Does the institution make readily available to customers general descriptive information about the use of cheques as specified?	99%	N/A	N/A	99%
33.2	Does the institution warn customers to exercise caution in the safekeeping of cheque books?  Does the institution advise customers of the additional protection that is afforded through the use of crossed cheques?	100%  92%	N/A  N/A	N/A  N/A	100%  92%
34.1	Does the institution provide customers with the specified types of information in making a cross-border payment?	96%	95%	92%	96%
34.2	How soon does the institution notify the customer if an outgoing cross-border payment cannot be effected?  (a) within 24 hours (b) 1 to 2 days (c) 3 to 7 days (d) more than 7 days	(a)87% (b)13% (c)2% (d)1%	90% 14% 5% 0%	67% 29% 0% 0%	84% 15% 2% 1%
34.3	How soon does the institution notify the customers/beneficiaries upon receipt of an incoming cross-border payment?  (a) within 24 hours (b) 1 to 2 days (c) 3 to 7 days (d) more than 7 days	(a)69% (b)36% (c)3% (d)0%	76% 33% 5% 5%	54% 38% 4% 0%	68% 36% 3% 1%
34.4	Does the institution provide customers with a transaction record on a cross-border payment containing information such as exchange rate applied and any commission or charges levied?	100%	100%	100%	100%
34.5	Does the institution advise customers of the procedures and any fees and charges for the purchase or collection of foreign currency cheques drawn on overseas accounts?	100%	90%	95%	98%
35.1	For other payment services, does the institution make readily available general descriptive information about the following?  (a) any fees or charges applicable to the services (b) whether a customer can specify the maximum amount of each payment and the date on which such payments should cease (c) whether a customer may alter or stop a transaction under a particular payment service (d) the deadline for giving instructions to alter or stop a payment, where appropriate	(a)100% (b)91%  (c)94% (d)86%	100% 69%  69% 69%	100% 63%  81% 50%	100% 85%  90% 79%
35.2	Does the institution tape record the verbal instructions of customers through telephone banking services?  For how long are the records kept? (a) less than 1 month (b) 1 to 3 months (c) 4 to 6 months (d) 7 to 12 months (e) others	83%	73%	60%	78%
35.3	Does the institution require customers to designate in writing a list of accounts to which funds can be transferred from the customer's account through telephone or computer banking services?	74%	36%	50%	66%

## Chapter 5 Recovery of Loans and Advances

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
General	Does the institution employ/use the services of debt collection agencies (DCAs)?  If yes, how many DCAs are used?  (a) 1 to 5 (b) 6 to 10 (c) 11 to 15	35AIs  (a)60% (b)40% (c)0%	8AIs  62% 25% 13%	17AIs  100% 0% 0%	60 AIs  72% 27% 1%
36.1	Does the institution enter into a formal, contractual relationship with its debt collection agencies (DCAs) to observe the stated requirements?  Does the contract make it clear that the relationship is one of principal and agent?	100%  100%	100%  100%	100%  100%	100%  100%
36.2	Does the institution specify in the relevant contracts or by written instructions that its DCAs must not resort to intimidation or violence?	100%	100%	100%	100%
36.3	Does the institution or its DCAs try to recover debts from third parties such as referees if they are not guarantors?  Does the institution specify in the relevant contracts or by written instructions that its DCA should not do the above?	0%  55%	0%  88%	0%  82%	0%  90%
36.4	Does the institution pass information about referees or third parties other than debtors or guarantors to their DCAs?  Are referees approached only by staff of the institution if necessary?	3%  89%	0%  100%	6%  82%	3%  88%
36.5	Does the institution specify in the terms and conditions of credit facilities that they may employ third party agencies to collect overdue amounts owned by customers?  Is a warning clause included in the terms and conditions if the institution wish to reserve the right to require customers to indemnify them for the costs and expenses they incur in the debt recovery process?	89%  94%	63%  88%	59%  94%	77%  93%
36.6	Does the institution remain accountable to customers for any complaints arising out of DCAs?	94%	100%	94%	95%
36.7	Does the institution send customers advance notice of their intention to commission a DCA to collect a debt?  Does the written notice include the specified information?	89%  83%	100%  83%	88%  82%	90%  83%
36.8	Does the institution engage more than one debt collection agency to pursue the same debt in one jurisdiction at the same time?	0%	0%	0%	0%
36.9	Does the institution require its DCAs to identify themselves and the institution for whom they are acting?  Does the institution issue authorization documents to their DCAs to be presented to the debtor for identification purposes?	97%  83%	100%  100%	100%  88%	98%  87%
36.10	How often does the institution update its DCAs on the amounts of repayment made by customers?  (a) immediately upon every repayment (b) every week (c) every month (d) others	(a)79%  (b)3% (c)15% (d)3%	88%  0% 12% 0%	76%  0% 18% 6%	80%  2% 15% 3%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
36.11	Does a customer have the right to give instructions to apply repayment to a particular debt if he/she owes several debts to the institutions?	94%	100%	76%	90%
37.2	Does the institution have in place effective procedures to monitor continuously the performance of their DCAs?	94%	100%	94%	95%
37.3	Does the institution require DCAs to inform customers that all telephone communication with customers will be tape recorded and the purpose of doing so?  Are the tape and records kept for a minimum of 30 days after the contact is made?	83%  86%	100%  100%	88%  88%	87%  88%
37.4	Does the institution make unscheduled visits to the DCAs to inspect their professionalism, operational integrity, etc.?  How often are these visits made? (a) monthly or more often (b) bi-monthly (c) quarterly (d) bi-annually (e) others	94%	100%	94%	95%
37.5	Does the institution maintain a register of complaints about improper actions by DCAs?  How many complaints have been recorded in 1996? (a) nil (b) 1 to 10 (c) 11 to 50 (d) 51 to 100 (e) more than 100	91%	100%	94%	93%
	(a)22% (b)63% (c)12% (d)3% (e)0%	25% 50% 25% 0% 0%	74% 13% 13% 0% 0%	37% 46% 15% 2% 0%	
	How many complaints have been recorded in 1997? (a) nil (b) 1 to 10 (c) 11 to 50 (d) 51 to 100 (e) more than 100	(a)22% (b)63% (c)12% (d)3% (e)0%	38% 24% 38% 0% 0%	56% 31% 13% 0% 0%	34% 48% 16% 2% 0%
	How soon does the institution respond to complainants after receiving a complaint? (a) within 7 days (b) 8 to 14 days (c) 15 to 30 days (d) more than 30 days	(a)81% (b)16% (c)3% (d)0%	86% 14% 0% 0%	57% 29% 14% 0%	75% 19% 6% 0%
37.6	Does the institution delegate authority to the debt collection agencies to institute legal proceedings against customers without the institution's formal approval?	0%	0%	0%	0%
37.7	Does the institution specify in their contracts with debt collection agencies that the agencies should not sub-contract the collection of debts to any other third parties?	94%	100%	94%	95%
37.8	Where the institution is aware that their debt collection agencies perform similar functions for other institutions, does it encourage the sharing of information as to the debt collection agencies' performance, approach, attitude and behaviour?	49%	88%	71%	60%

Reference in the Code	Particulars	Responses from AIs			
		LBs	RLBs	DTCs	All AIs
37.9	Does the institution bring apparently illegal behaviour by DCAs to the attention of the Police?	86%	88%	71%	82%
	How many cases have been reported in 1996? - nil	100%	100%	100%	100%
	How many cases have been reported in 1997? - nil	100%	100%	100%	100%